

**Review and Translation of Disclosure,
Margin Finance, Buyback, Custodian Licensing
and Financial Services Licensing
of the Jordan Securities Commission**

Final Report

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- The Chairman
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- Margin Finance
- The Center
- Custodian
- Financial services

Abstract

This report contains a translation of the Instructions issued pursuant to the Securities Law for the year 2002 and adopted by the Jordanian Securities Commission.

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EXECUTIVE SUMMARY

IBLAW was requested to provide translation for the following Instructions issued pursuant to the Securities Law for the year 2002 into English language:

- Instructions of Issuing Companies Disclosure, Accounting and Auditing Standards
- Margin Finance Instructions No. 1 For the year 2003
- Buyback Instructions of Public Shareholding Companies Shares
- Custodian Licensing Instructions No. (3) for the Year 2003
- Draft of the Financial Services Licensing and Registration Instructions

Instructions of Issuing Companies Disclosure, Accounting and Auditing Standards

Article (1) These Instructions shall be cited as (Instructions for Disclosure, Accounting and Auditing Standards of Issuing Companies) for the year 2004 and shall come into effect as of 1.3.2004.

Article (2) Subject to the meanings ascribed to the terms mentioned in the Securities Law and the Regulations and Instructions issued pursuant thereto, the following terms shall have the meanings ascribed thereto hereunder, unless the context indicates otherwise:

The Commission:	The Securities Commission.
The Board:	The Board of Commissioners of the Commission.
The Chairman:	The Chairman of the Board.
The Market / Stock Exchange:	The Amman Stock Exchange or any Securities Trading Market licensed by the Commission in accordance with the provisions of this Law.
Person:	A natural or juridical person.
Issuer:	Any juridical person issuing or declaring the intention to issue securities.
Control:	The ability to influence effectively, whether directly or indirectly, the actions and decisions of another person.
Affiliate:	Any person who controls another person or is controlled by another person, or who, together with that person is controlled by the same person.
Material Fact:	Any event or datum that might affect a person's decision to buy, hold, sell or dispose of a security.
Inside Information:	Information relating to one or several Issuers or to one or several securities, which has not been made public and which, if it were made public, would likely affect the price of any such security. This does not include inferences drawn on the basis of economic and financial studies, research and analysis.
Public Statement:	A paid announcement or a declaration to be published in at least one daily newspaper.

Insider: A person who possesses Inside Information by virtue of his position or job.

Parent Company: A Company having control over one Company or more (whereby such are called Subsidiary Companies) by owning more than one half of their capital and/or having control of the formation of their Boards of Directors. Such shall also include Holding Companies.

Subsidiary Company: A Company subject to the control of a Parent Company.

Sister Company: A Company shall be considered a Sister of another if they are owned by, or considered subsidiaries of a Parent Company.

Minority Interest: The apparent part in the consolidated financial statements of the net business results and net assets of a Subsidiary Company that are not held directly by the Parent Company through its subsidiary companies.

Relatives: Husband, wife and minor children.

Article (3) Any Company issuing securities which applies for listing its securities on the Market, shall provide the Commission with the following information and data:

A. A report from the Company's Board of Directors, which shall include:

1. A brief about the Company's establishment, main objectives and its relationship to any other Company, whether as Parent, Subsidiary, Sister Company or Affiliate (if applicable);
2. A description of the securities issued by the Company and those to be listed;
3. The Board of Directors' appraisal as supported with quantitative indicators of the Company's performance, stage of progress and achievements, and benchmarked against the set plans;
4. Significant occurrences to the Company or those impacting it between the date of its establishment and the date of submission of the listing request;
5. The Company's plan for the next three years;
6. The names of members of the Board of Directors and the names and ranks of Senior Executive Management as well as the

securities owned by any of them or by their relatives which are issued by the Parent Company or any Subsidiary, Affiliate or Sister Company thereof (if applicable) and the membership of any of them in other shareholding companies' Boards of Directors;

7. The names of the large owners of securities issued by the Company and the number of securities owned by each of them where such constitutes (5%) or more of the issued securities.

B. The Company's financial statements, which include the following:

1. The Company's annual report for the fiscal year preceding that of the listing application, and which shall include the Board of Directors' report, the Company's financial statements and the auditors' report.
2. The Company's audited interim financial statements covering the period from the end of the preceding fiscal year till the end of the last quarter preceding that of the listing application.

Article (4) The issuing Company whose securities are approved for listing by the Stock Exchange shall publicize its annual and interim financial statements and a summary of the Board of Directors' report submitted for the purposes of listing as mentioned in Article (3) of these Instructions, within ten days of the Stock Exchange approval, and before start of Market trading in the Company's securities.

Article (5) A. The issuing Company shall publish its preliminary business results after completion of a preliminary audit by its auditor, within forty-five days of the end of its fiscal year, and shall provide the Commission with a copy thereof.

B. The preliminary results mentioned in Paragraph (A) of this Article shall include:

1. The Net revenues;
2. The expected net profit before tax;
3. The amount allocated for income tax on expected profit;
4. Minority interest in the profits;
5. Net profit of the Company's shareholders after deduction of the allocated tax and of minority interest;

6. Comparative figures with the preceding fiscal year for the items from (1-5) above;
7. A summary of the Company's activities during the fiscal year.

Article (6)

The Board of Directors of the issuing Company shall prepare the Company's annual report within three months from the end of the Company's fiscal year and shall provide the Commission therewith. The annual report shall include:

- A. The statement of the Board of Directors' Chairman;
- B. The Board of Directors' report, which shall include:
 1. A description of the Company's main activities, with their respective geographical locations, size of capital investment and number of employees;
 2. A description of the Subsidiary Companies, the nature of their business and their areas of activity;
 3. The members of the Board of Directors names and the names and ranks of Senior Executive Management with a brief resume of each;
 4. The names of the Company's large shareholders and the number of shares owned by each of them where such constitutes (5%) or more in comparison with the previous year;
 5. The Company's competitive position within its sector and main market segments, as well as its share of the Local Market, and International Market if possible;
 6. the extent of dependence upon specific suppliers and/or major clients (Local and International) where this constitutes (10%) or more of the total purchases and/or sales or revenues;
 7. a description of any government protection or any concession granted to the Company or to any of its products pursuant to Laws, Regulations or otherwise, with a specification of the effective period thereof ; as well as a description of any Patents or Licensing Rights obtained by the Company;
 8. a description of any decision by the Government, International Organizations or otherwise with a material

effect on the Company's business, products or competitiveness, and a disclosure of the Company's implementation of Company of international quality standards;

9. The issuing Company's organizational chart, the number of its employees and their classes of qualification, and its personnel qualifications and training programs;
10. A description of the Company's risk exposure;
11. The Company's accomplishments supported by quantitative indicators and a description of significant occurrences to the Company during the fiscal year;
12. The financial impact of non-recurrent transactions during the fiscal year, which are not part of the Company's main activities;
13. A chronology of the realized profits or losses, dividends, shareholders' net equity and the prices of securities issued by the Company, for a minimum period of five years or for the period since the establishment of the Company, whichever is less, together with graphic representation thereof where possible;
14. An analysis of the Company's financial status and of the results of its activities for the fiscal year;
15. Important prospective developments including any new expansions and projects; the Company's proposed plan for at least one upcoming year; and the Board of Directors' forecasts for the outcomes of the Company activities;
16. The amount of auditing fees for the Company and its subsidiaries and any other fees received or receivable by the auditor;
17. The number of securities issued by the Company which are owned by any member of its Board of Directors, any member of its Senior Executive Management or any of their relatives; a list of companies controlled by any of such, provided all of the above is benchmarked against the preceding year;
18. The benefits and remunerations of the Chairman, members of the Board of Directors, and Senior Executive Management, during the fiscal year, including payments received by any of them such as fees, salaries, bonuses, and

otherwise, and their travel and transport expenses within the Kingdom and abroad;

19. Donations and grants made by the Company during the fiscal year;
 20. The issuing Company's contracts, projects and engagements with its Subsidiaries, Sister Companies or Affiliates, as well as those with the Chairman of the Board of Directors, members of the Board of Directors, the Chief Executive Officer or any employee of the Company or relatives thereof;
 21. The Company's contribution to environmental protection and local community service.
- C. The Company's annual audited financial statements benchmarked with the previous year, and which shall include:
1. The balance sheet;
 2. The profit and loss account;
 3. The cash flow statement;
 4. Statement of changes in shareholders' equity;
 5. Explanatory notes to the Financial Statements.
- D. The auditors' report on the Company's annual financial statements, including an affirmation that the audit procedures are consistent with the audit standards adopted by these Instructions.
- E. 1. A declaration from the Board of Directors that there are no substantial matters disaffecting the Company's continuity during the next fiscal year.
2. A declaration by the Board of Directors affirming its responsibility for the preparation of the financial statements and for the provision of an effective system of controls within the Company.
 3. A declaration affirming the correctness, accuracy and completeness of the information and data stated in the report, signed by the Chairman of the Board of Directors, the Company's Chief Executive Officer, and the Chief Financial Officer.

Article (7): The issuing Company shall publish its annual statements within three months of the end fiscal year, after their approval by the Company's Board of Directors upon issuance of the Company auditors' report, and prior to their distribution to the shareholders. The published material shall also include an adequate summary of the Board of Directors' report and the report of the Company's auditors. .

Article (8) A. The Board of Directors of the issuing Company shall prepare a comparative semi-annual report and provide the commission therewith, and shall publish such report within one month from the date of the end of that period.

B. The report mentioned in Paragraph (A) of this Article shall include:

1. The balance sheet;
2. The profit and loss account;
3. Changes in shareholders' equity;
4. The cash flow statement;
5. The required explanatory notes;
6. The Company auditor's report which shall include an affirmation that the records and financial statements have been audited consistently with the audit standards adopted by these Instructions;
7. A brief summary comparison of the results of the Company's activities for the period with earlier set plans.

Article (9) Any issuing Company which changes its fiscal year shall prepare the financial statements indicated below covering the transitional period from the end of the preceding fiscal year until the beginning of the new fiscal year. The Company shall publish such statements and provide the Commission therewith within forty-five days from the end of the transitional period, and shall have the statements audited by the Company's auditors:

- A. The balance sheet.
- B. The profit and loss account during the transitional period.
- C. The cash flow statement.
- D. Changes in the shareholders' equity.

- E. The financial statements explanatory notes.
- F. The auditor's report for the transitional period.

Article (10) The issuing Company shall notify the Commission, without delay and through any means that ensure expediency, and shall issue promptly public notice of, any emerging Material Fact and especially the following:

- A. The important changes that occur in any of the following:
 - 1. The Company's assets.
 - 2. The Company's long and short term obligations and any attachments upon its assets.
 - 3. The capital structure.
 - 4. The Company's credit rating, if any, and changes thereto.
 - 5. The Company's products.
 - 6. Changes in share ownership, which affect control of the Company.
- B. Major transactions concluded by the Company and rescissions thereof and the Board of Directors' evaluation of the anticipated impact of such on the Company's profitability and financial position.
- C. Non-recurrent transactions, which might impact the Company's profits or financial position.
- D. Any disasters, fires or accidents and their anticipated impact on the Company's financial position.
- E. Any unanticipated material losses which impacted the Company's financial position, and the causes thereof .
- F. The Board of Directors important decisions, which might affect the prices of the securities, issued by the Company including the decisions related to:
 - 1. Issuance of new securities, or amortization of any existing securities;

2. Changes in the capital investments, or in the Company's objectives, or in its markets;
3. Initiation of a merger.
4. Distribution of dividends.
5. Buyback or disposal by the issuing Company of its shares.
6. Voluntary liquidation.

G. The decisions of the Company's General Assembly.

H. The invitation for an extraordinary General Assembly meeting.

I. The formation of a new Board of Directors for the Company, or the resignation of any Board Member or of the Company's Chief Executive Officer or any vacancy in those positions, with a statement of causes thereof provided such are announced promptly upon occurrence. In addition, any appointment decision by the Board of Directors' of new Board members or of a Chief Executive Officer for the Company and the appointees' qualifications.

J. Discontinuation of the Company's activities or of those of any of its branches, factories or subsidiaries with a statement of the cause.

K. Any actions brought by or against the Company or any court or labour dispute, that might impact the Company's financial position materially, whereby the Commission must be provided with a thorough report about such and their expected impact on the Company's profitability and financial position.

Article (11)

A. The issuing Company shall provide the Commission with a detailed report about any Material Fact with a copy of the public statement thereabout within a week from its occurrence.

B. The Company shall promptly issue a public statement to confirm, deny or correct any news item about a Material Fact pertaining to the issuing Company which is published in the media, and shall provide the Commission with a copy of such a statement.

Article (12)

Any registered person practicing financial brokerage in a financial services Company shall provide the Commission with monthly reports about any dealings in securities, including sale and purchase thereof, by the broker or relatives thereof, within seven days from the end of the month in which the dealing took place.

- Article (13)** The issuing Company shall notify the Commission in writing of the names, positions and qualifications of appointed or resigning Senior Executive Management within seven days of the appointment or resignation.
- Article (14)** Any Insider in the issuing Company shall notify the Commission in writing within one week of his election or appointment about any securities issued by the Company, its subsidiaries, affiliates, or sister or parent Company which are owned by himself or his relatives, and shall notify the Commission in writing of any changes to such within one week thereof.
- Article (15)** Any person acquiring or having disposal for the first time of 5% or more of any securities of the same issuing Company shall notify the Commission of such in writing within one week of occurrence. The said person shall also notify the Commission in writing of any 1% increase in acquisition within one week of such occurrence, and shall disclose motives for any purchase above the 10% rate.
- Article (16)** The international accounting standards issued by the Board of International Accounting Standards are hereby adopted whereby all the parties subject to the Commission's control shall prepare their financial statements consistently therewith.
- Article (17)**
- A. The Board of Directors of the issuing Company shall form an Auditing Committee of three non-executive Board members who are natural persons , and shall designate one of them as Chairman for the Committee and notify the Commission thereof, and of any changes thereto with the statement of cause.
 - B. Any member of the Board of Directors shall be considered as non-executive, if the member is neither an employee of the Company nor receiving a salary therefrom.
 - C. The Auditing Committee shall meet periodically and report to the Board of Directors, provided its meetings shall be at least four per annum and the minutes of such meetings shall be duly recorded.
 - D. The Auditing Committee shall undertake the following:
 - 1. Discussing the matters related to the nomination of the external auditor; ensuring the auditor's fulfillment of the Commission's conditions and his independence; and examining the extent to which the auditors other activities may affect such independence.

2. Discussing the auditor's work, including his comments, suggestions and reservations, and the management's response thereto and submitting recommendations thereabout to the Board of Directors.
 3. Reviewing the Company's correspondence with the external auditor, evaluating their contents, and providing comments and recommendations thereabout.
 4. Observing the Company's compliance with the Securities Law, and the Regulations, Instructions and decisions issued pursuant thereto.
 5. Examining the periodical reports prior to their presentation to the Board of Directors and submitting recommendations thereabout which shall address specifically
 - a. Changes in the accounting policies.
 - b. Changes in the Company's accounts as a result of the auditing operations or of the auditor's suggestions.
 6. Examining the auditor's work plan and ensuring that the Company is providing the auditor with all required facilities for his work.
 7. Examining and evaluating the internal control procedures, and reviewing the external auditor's assessment of such procedures, and the internal control reports, particularly those related to any violations found by the internal auditor.
 8. Making recommendations to the Board of Directors related to the internal audit procedures and the work of the internal auditor.
 9. Ensuring that there are no conflicts of interest arising from the Company's transactions, contracts or projects with the parties concerned.
 10. Any other matters as decided by the Board of Directors.
- E. The Auditing Committee shall have the following authorities:
1. Requesting any information from the Company's employees, whereby the employees shall cooperate by providing such information fully and accurately.

2. Seeking legal, financial, administrative or technical advice from any external consultant.
3. Summoning any employee in the Company, to obtain any further explanations, if necessary.
4. Summoning the external auditor it deems necessary to discuss any matter related to his work at the Company. The committee may also require the auditor to provide a written clarification or opinion;
5. Recommending to the Board of Directors the nomination of an external auditor to be elected by the General Assembly.
6. Nominating an internal auditor for the Company to appoint.

Article (18) The international auditing standards issued by the International Federation of Accountants are hereby adopted in auditing the accounts of the parties subject to the control of the Commission.

Article (19) The auditor of any of the parties subject to the control of the Commission shall

- A. Hold a valid license to practice auditing;
- B. Be a member of the Jordanian Chartered Accountants Association;
- C. Be classified in category (A) according to the applicable Auditors Classification Regulations;
- D. Have practiced auditing for at least three consecutive years at full time basis after obtaining the license to practice;
- E. Have one or more partners or employees who are auditors and who satisfy the above conditions.

Article (20) Subject to provisions of the Companies Law, the Company's external auditor report shall include the following:

- A. The date of the report.
- B. The name of the audit bureau and the auditor's name, signature, license number, classification category and address.
- C. The financial statements covered by the report.
- D. A statement that the audit procedures have been conducted in accordance with the international auditing standards.

- E. The auditor's opinion on the authenticity and probity of the financial statements and his attestation that such statements have been prepared in accordance with the international accounting standards.

Article (21) Subject to provisions of the Companies Law in force , the Company's auditor shall clarify the reasons for any reservations, adverse opinion, or statement of withheld opinion made in his report on the annual financial statements, and shall indicate the impact of such reasons on the financial statements and notify the Commission thereof. The Company shall provide the Commission in writing with its opinion on the aforementioned auditor's report within two weeks from receiving the report.

Article (22) The Company shall notify the Commission in writing within two weeks thereof if a new auditor is elected, or if the auditor is changed during the year, , or if the auditor's position becomes vacant for any reason. The notice shall include the following:

- A. A statement as to whether the auditor has voluntarily excused himself from performing his duty and the grounds therefore.
- B. A statement as to the existence of on any dispute between the auditor and the Company's Board of Directors.
- C. A statement as to whether the auditor's report included a reservation on the Company's financial statements during the two preceding fiscal years.

Article (23) If the auditor excuses himself from auditing a Company's account on whatever grounds, or if a dispute arises between the auditor and the Company's management, the auditor shall notify the Commission in writing about the grounds therefore within two weeks of the occurrence.

Article (24)

- A. For the purposes of these Instructions, the term publish shall mean the publishing of the relevant information and data for one time in at least one daily newspaper in Arabic.
- B. For the purposes of these Instructions, the term declare shall mean the making of a press release to be published in at least one daily newspaper.
- C. The responsibility for any publications and t declaration and for any contents thereof shall be that of the Chairman of the Board of Directors or anyone assigned or authorized thereby in writing.

- Article (25)** A. The following persons of the issuing Company shall be considered not exclusively Insiders ex-officio:
1. The Chairman of the Board of Directors of the issuing Company.
 2. The Members of the Board of Directors.
 3. The Chief executive officer
 4. The Financial Manager.
 5. The Internal Auditor.
 6. Relatives of the above-mentioned persons.
- B. The natural person representing any juridical person occupying such a position shall be considered an Insider.
- Article (26)** The Instructions of Disclosure; Accounting, Auditing Standards and the Conditions to be fulfilled in Auditors of the Entities Subject to Securities Commission's Control No. (1) for the year 1998 shall be repealed.

Margin Finance Instructions No. 1 For the year 2003

Issued by The Board of Commissioners of The Securities Commission by virtue of Articles (12), (47) and (123) of The Securities Law No. (76) For the year 2002.

Article (1) These Instructions shall be known as (Margin Finance Instructions) for the Year 2003, and shall come into effect as of 1.3.2003.

Article (2) The words and phrases stated in these Instructions shall have the meanings assigned thereto hereunder unless the context indicates otherwise:

The Law: The Securities Law in force.

The Commission: The Securities Commission.

The Board: The Board of Commissioners of the Commission.

Licensed Financial Broker: Any juridical financial broker licensed to practice Margin Finance.

Margin Finance: The financing by the Licensed Financial Broker of a part of the value of the securities purchased on account of the client.

Initial Margin: That percentage amount of the market value of the securities to be purchased, which is paid by the client.

Maintenance Margin: The client's contribution to the market value of the securities at any time after purchase.

Stock Exchange: The Amman Stock Exchange.

Center: The Securities Depository Center.

Margin Finance Account: A special account opened by the Licensed Financial Broker on behalf of the client upon their mutual agreement, and which is designated for Margin Finance.

Margin Finance Ceiling: The sum total of the Margin Finance amounts granted to the clients of a Licensed Financial Broker.

Article (3) A Financial Broker shall not practice Margin Finance without license from the Board to this effect.

Article (4) A license to practice Margin Finance shall be issued to a Financial Broker only subject to the following conditions:

- a. The broker must be licensed as a broker for his own account.
- b. The broker must have a minimum paid-up capital of (1,000,000) Jordanian Dinars.
- c. The broker's net ownership rights must be not less than (1,000,000) Jordanian Dinars.
- d. The broker shall not have violated the financial solvency standards during the six months preceding the license.
- e. The board must be satisfied that the broker possesses the technical and administrative capability to practice Margin Finance and manage accounts related to such transactions.
- f. The broker shall submit a bank guarantee to the order of the Commission for a value of (250,000) Jordanian Dinars.

Article (5) In addition to what is stated in Article (4), the Board may stipulate additional requirements for any financial broker who petitions for a license.

Article (6) The Board may amend the margin finance licensing conditions, and requirements and practice procedures, whereby the Financial Broker licensed to practice Margin Finance shall rectify his position accordingly or liquidate the relevant accounts within the period specified by the Board for this purpose.

Article (7) The ceiling of Margin Finance shall not exceed three times the net ownership rights of the Licensed Financial Broker. The Board shall specify from time to time the permissible ceiling of Margin Finance for licensed banks, provided it does not exceed the maximum limit allowed for any Licensed Financial Broker other than a bank.

Article (8) The Margin Finance Ceiling provided by the paid capital of the Licensed Financial Broker shall not exceed double the amount of the Broker's net ownership rights. The provisions of this Article shall not apply to banks.

Article (9) The amount of Margin Finance offered to any client shall not exceed (10%) of the net ownership rights of the Licensed Financial Broker, or 3.5% of the Margin Finance Ceiling for banks, or (500,000) Jordanian Dinars, whichever is less.

Article (10) The Board may order the Licensed Financial Broker to cease offering additional financing, or cease offering Margin Finance Accounts to new clients, or to refrain from buying Margin Financed securities in any of the following cases:

- a. If the sum total of the Margin Finance amounts exceeds the ceilings specified in Article (7) or (8).
- b. If the Licensed Financial Broker violates any of the financial solvency standards issued by the Board.
- c. If the Licensed Financial Broker commits a violation of the Law or the regulations or instructions issued pursuant thereto.
- d. If the Board deems that the Licensed Financial Broker does not possess the capacity to practice Margin Finance.
- e. If the Licensed Financial Broker violates any of the conditions and requirements stipulated thereupon pursuant to Articles (4) and (5) of these Instructions.

Article (11) The Board may cancel the licence of the Financial Broker subject to granting the Broker a respite period as deemed appropriate by the Board for rectification of any violation.

Article (12) The Licensed Financial Broker shall open a special account known as the Margin Finance Account for clients who solicit such a service. The Licensed Financial Broker must obtain the Commission's prior approval for the form of account and the Margin Finance agreement. The Commission may stipulate use of special forms by the Licensed Financial Broker, or may specify, in part or in whole, the provisions of the agreement or the entries of the accounts, and may impose the addition or omission of provisions or entries, as it deems appropriate.

Article (13) No person shall open more than one Margin Finance Account with Licensed Financial Broker.

Article (14) The Maintenance Margin shall be computed by deducting the value of the facilities offered to the client for the purpose of Margin Finance in addition to the interest thereupon from the total market value of the Margin Financed securities.

Article (15) A Licensed Financial Broker undertakes to collect the Initial Margin from client on whose account the Broker acts, and in accordance with the rates specified from time to time by the Board, before purchasing any securities [for the client]. The Licensed Financial Broker also undertakes to ensure that the Maintenance Margin in any Margin Finance Account shall not, at any time, fall short of the minimum limit specified by the Board.

Article (16) The Licensed Financial Broker shall compute the Maintenance Margin for each account on a daily basis and shall notify the client immediately if the Maintenance Margin falls short of the minimum

limit allowed. The broker shall request the client to cover any deficit immediately within a period of three working days.

- Article (17)** If the client fails to cover the deficit according to Article (16) of these Instructions, the Licensed Financial Broker may sell such part of the Margin Financed securities that will restore the Maintenance Margin to its allowed minimum limit.
- Article (18)** The Licensed Financial Broker shall open a Margin Finance Account with the Center for every client with which the Broker in Margin Finance.
- Article (19)** The Licensed Financial Broker shall not register in his name solely title of the securities purchased on account of clients. The Broker shall also not execute securities sale, purchase or transfer transactions except through the Stock Exchange and the Center.
- Article (20)** The Margin Finance agreement shall specify the interest and commission chargeable by the Licensed Financial Broker. The agreement shall also provide for the client's entitlement to profits and interests upon accrual as well as the client's right to vote at the general assembly meetings of the companies of which the client is shareholder.
- Article (21)** The Commission shall have right of access to all the facilities agreements concluded between the Licensed Financial Broker and the banks as well as access to the Licensed Financial Broker accounts and balances at banks. The Licensed Financial Broker shall authorize the Commission in writing to obtain any data or information deemed necessary by the Commission directly from the banks and the other contracting parties.
- Article (22)** A Licensed Financial Broker shall not finance the purchase of securities issued thereby or hypothecate such to secure any Margin Finance.
- Article (23)** The purchased securities shall be considered as security for the Margin Finance. The Licensed Financial Broker shall not accept personal guarantees, bank guarantees or real estate mortgages as security for such Finance.
- Article (24)** The Licensed Financial Broker shall not affect any internal swap or clearance between client accounts or between the broker and any client.
- Article (25)** The Board shall specify from time to time according to the standards it sets, the securities subject to Margin Finance and the percentage of Initial Margin and Maintenance Margin applicable to each.

- Article (26)** The Financial Broker shall undertake in writing to comply with the provisions of these Instructions and all the decisions issued by the Board in respect of Margin Finance.
- Article (27)** These Instructions shall be published in the Official Gazette, publicized in media, and among those concerned.

Buyback Instructions of Public Shareholding Companies Shares

Issued by virtue of Articles (5) and (73/c) of The Securities Law No. (23) for the year 1997

Article (1) These Instructions shall be cited as (Buyback Instructions of Public Shareholding Companies Shares “Treasury Stock” for the year 2001), and shall come into effect as of the date determined by the Board of Commissioners of The Securities Commission.

Article (2) a. The following words and expressions shall have the meanings ascribed thereto hereunder unless the context indicates otherwise:

The Law: The Securities Law.

The Commission: The Securities Commission.

The Board: The Board of Commissioners of the Commission.

The Chairman: The Chairman of the Board.

Stock Exchange: The Amman Stock Exchange/Securities Market.

Center: The Securities Depository Center.

The Company: The public shareholding company subject to these Instructions.

b. The words and expressions not stated above shall have the meanings ascribed thereto in the Law and the Regulations issued pursuant thereto:

Article (3) The Board of Directors of the Company that solicits to buyback shares issued thereby shall undertake the following:

a. Notify the Commission thereof.

b. Obtain a detailed report from the Company’s auditor indicating the effects of the purchase on the Company’s financial position and the rights of its creditors and shareholders.

c. Acquire the approval of the Company’s General Assembly in an ordinary meeting after reviewing the pertinent reports of the auditor and the Company’s Board of Directors, and provided the decision issued by the General Assembly shall specify the number of shares to be purchased and their ratio to subscribed shares.

d. Submit an outcome report of the ordinary meeting of the Company's General Assembly to the Commission, the Stock Exchange, the Center and the Controller of Companies together with a copy of the auditor's report.

Article (4) a. The Commission shall issue its decision accepting or rejecting the buyback operation, within (15) days from the date of filing a complete application therewith.

b. The General Assembly's decision mentioned in the preceding Article shall not be considered effective until issuance of the Commission's approval.

Article (5) The Company's Board of Directors shall announce the Company's buyback intension in at least one daily newspaper, promptly upon the Company's notification with the Commission's approval of the buyback, and whereby the announcement shall include the following:

a. The Ordinary General Assembly's decision.

b. An abstract of the auditor's report mentioned in Paragraph (b) of Article (3) of these Instructions.

e- The buyback date, provided the buyback shall commence after ten days from the Commission's approval.

Article (6) The Company's share buyback shall be subject to the following conditions:

a. The purchased shares shall not exceed 10% of the Company's subscribed shares.

b. The allocated sum for buyback of the company's shares shall not exceed the total of deferred profits and voluntary reserves.

c. The buyback operation shall not be financed by borrowing.

d. The ratio of current liabilities to net equity shall not exceed (20%) on the date of the General Assembly meeting.

Article (7) The buyback shall take place through the Stock Exchange, subject to the following:

a. The daily demand volume in a single session shall not exceed (2%) of the Company's subscribed shares.

b. The execution period shall not exceed (30) thirty trading days from the date of the first buyback transaction.

c. It shall be prohibited to purchase Treasury stock buyback through deals in accordance with the Stock Exchange securities trading instructions in effect.

Article (8) Bought-back shares shall not be entitled to any dividends distributed by the Company to shareholders, nor to participating in, and voting at the Company's General Assembly meetings.

Article (9) The company shall retain the bought-back shares for a period of no less than twelve months from the date of the first buyback transaction, and no more than eighteen months therefrom.

Article (10) The Company shall not issue any new securities during the period of retaining the bought-back shares and until the lapse of twelve-month from the date of concluding the sale transaction.

Article (11) A company that intends to sell treasury stock shall undertake the following:

a. Acquire the Commission's prior approval of the sale operation.

b. Announce in at least one daily newspaper its intension to sell those shares, provided the sale transaction shall begin ten days after the Commission's approval.

c. Refrain from performing the sale transaction during the period between the end of the Company's financial year and the meeting of the Company's General Assembly, except upon approval by the Commission, and whereby the Company shall announce that such shares are not entitled to the due dividends for the completed financial year, and that such shares are traded on a separate quotation board and at prices different than the Company's other shares.

Article (12) Where the bought-back shares are not sold within the period specified in Article (9) of these Instructions, the Company's Board of Directors shall convene an extraordinary meeting of its General Assembly in order to obtain a decision to decrease the Company's capital by the amount of the nominal value of the unsold shares in accordance with the procedures stipulated in the applicable Companies Law.

Article (13) Any member of the Company's Board of Directors, and any relative thereof who wishes to sell or buy (1%) or more of the Company's capital shall notify the Commission and the Stock Exchange before

executing the sale or purchase transaction, whereby this shall be promptly publicized by the Stock Exchange.

Article (14) Subject to the provisions of these Instructions:

- a. The Banks and Companies subject to the Central Bank of Jordan's control shall obtain the Bank's prior approval before concluding any buyback and shall limit their buyback financing to those finance sources specified by the Central Bank.
- b. Insurance companies shall obtain prior approval from the Insurance Sector Regulatory Commission before concluding any buyback, and shall limit their buyback financing to those sources specified by the Insurance Sector Regulatory Commission.

Article (15) The provisions of these Instructions shall not apply to companies licensed as financial brokers.

Article (16) The Stock Exchange shall adopt measures to implement disclosure of the transactions carried out pursuant to the provisions of these Instructions.

Article (17) These Instructions shall be published and shall be publicized among those concerned.

Custodian Licensing Instructions No. (3) for the Year 2003

Issued by the Board of Commissioners of the Securities Commission pursuant to Articles (12), (47), (59) and (123) of The Securities Law No. (76) for the year 2002.

Article (1) These Instructions shall be cited as (Custodian Licensing Instructions) for the year 2003, and shall come into effect as of 1.5.2003.

Article (2) a. The words and phrases stated in these Instructions shall have the meanings assigned thereto hereunder unless the context indicates otherwise.

The Law: The Securities Law in force.

The Commission: The Securities Commission.

The Board: The Board of Commissioners of the Commission.

Center: The Securities Depository Center.

Custodian: Any juridical person providing custodial services in respect of securities.

b. The words and phrases, which are not defined in these Instructions, shall have the meanings assigned thereto in the Law unless the context indicates otherwise.

Article (3) a. The Custodian's activities shall be governed by an agreement concluded with the Client.

b. The Custodian's practice shall include the following:

- 1) Custody of the Client's securities.
- 2) The organization and maintenance of Clients' records;
- 3) Delivery on the Clients' behalf of securities to the selling Financial Broker and receipt thereof from the buying Financial Broker.
- 4) Sending periodic reports to Clients about their securities portfolios and cash accounts.
- 5) Notifying Clients of any actions by Securities Issuers whether in respect to interest, profits or rights pertaining to such securities.

- 6) Receipt on the Clients' behalf of the interest, profits and rights pertaining to the Clients' securities.
- 7) Voting by proxy for Clients at of the Issuer's ordinary and extraordinary General Assembly meetings and in accordance with the agreement signed with each Client.
- 8) Any other activity approved by the Board as a as Custodial activity.

Article (4) The license application for Custodial practice shall be submitted in writing to the Commission and shall include or have attached thereto the following data and documents as they pertain to the applicant

- a. The name, address and locations of branches, if any.
- b. The Memorandum and Articles of Association.
- c. The number and date of registration with the Controller of Companies.
- d. Names and addresses of senior executive management and a resume of their professional history in the field of securities.
- e. The names of shareholders who own (5%) or more of the applicant's shares, or the annual report thereof, in the case of a non-Jordanian bank.
- f. The financial statements as of a date not exceeding three months prior to the date of submitting the application.
- g. The list of services to be offered.
- h. The form of the Custodian's agreement with the Client.
- i. The general method for computing fees charged to the Clients.
- j. The proposed business procedures in writing.
- k. The relevant experience and capabilities for practicing Custodial activities, including available computer and electronic communications systems equipments, safes, another requirements for effective practice.

- l.* The forms to be used for Client periodic account statements, electronic messages, and proof of title.

Article (5) The following shall be requisite conditions for licensing any Custodian:

- a. The applicant shall be a bank or public shareholding company with a minimum paid-up capital of five million Jordanian Dinars.
- b. The Custodian's management shall have the requisite experience and competence in accordance with the provisions of these Instructions and any instructions or decisions issued by the Board.
- c. The net shareholders equity shall not be less than (75%) of the paid-up capital.
- d. Submission of a letter of commitment or a bank guarantee to the order of the Commission in accordance with the decision of the Board.
- e. Payment of the license fees and the annual license renewal fees in accordance with the issued Regulations and Instructions.
- f. Compliance with the provisions of the Securities Law and the Regulations, Instructions and decisions issued pursuant thereto.
- g. Any other requirements decided by the Board.

Article (6) The Custodian shall undertake the following:

- a. Separate the activities related to the Custodial practice from other activities.
- b. Designate at least one employee to perform the custodial activities, provided the employee is registered to engage in such.
- c. Provide the options and measures necessary for safe keeping the securities and for their protection against theft, fire and any other risks.
- d. Take administrative and auditing measures to prevent manipulation of the records and documents.

- e. Notify the Commission promptly of any financial trouble or threat thereof

Article (7) a. The Custodian shall open a general account with the Center and sub-accounts therein whereby each account indicates separately the securities of each Clients.

b. The Center shall not transfer title of securities at the Center which are in the Custodian's general account or in the sub-accounts of the Custodian's Client's except pursuant to a written request from the Custodian.

c. The Custodian shall not dispose of the securities in his custody except in accordance with the provisions of the Law and the Regulations and Instructions issued pursuant thereto, and the provisions of the custody agreement concluded with the Client.

Article (8) All companies that practiced depositary activities qua custodian in accordance with the Instructions for Licensing Activities of Financial Services Companies and Registered Financial Professionals No. (1) for the year 1999, shall apply to the Commission to be licensed and shall rectify their position within a maximum period of one month as of the effective date of these Instructions.

Article (9) Articles (3.a.5), (4.e), (5.c.5), (5.f.5), (6), (38), (39), (40), (41), (42), (43), (44) and (45) of Instructions for Licensing Activities of Financial Services Companies and Registered Financial Professionals No. (1) for the year 1999 as pertaining to the depositary, shall be repealed.

Article (10) These Instructions shall be published in the Official Gazette, publicized in media, and among those concerned.

Draft

**“Financial Services Licensing and Registration Instructions
for the year 2004”**

Issued by virtue of Articles (12/Q) and (47/B) of The Securities Law No. (76) for the year 2002

Article (1)

These Instructions shall be known as (Financial Services Licensing and Registration Instructions for the Year 2004), and shall come into effect as of the date determined by the Board.

Article (2)

A. The words stated in these Instructions shall have the meanings assigned thereto hereunder, unless the context indicates otherwise:

The Law:	The Securities Law in force
The Commission:	The Securities Commission.
The Board:	The Board of Commissioners of the Commission.
The Chairman:	The Chairman of the Board.
Financial Services:	The Financial Brokers, Dealers, Investment Trustees, Investment Managers, Financial Advisors or Underwriters and also Margin Finance activities or any other specified by the Commission pursuant to the Law and the regulations, instructions and decisions issued pursuant thereto.
Custodian:	Any judicial person providing custodial services in respect of Securities.
The Company:	Any judicial person providing one or more of the financial or custodial services .
Registered Person:	Any natural person who is a member of the Board of Directors or the Board of Executives, or who is a director, manager or employee of the Company,

	or any person occupying a similar position or performing similar duties at the Company, but shall not include any person whose performing only clerical duties, supporting services or activities unrelated to Securities.
Broker:	The Financial Broker or Dealer.
Initial Margin:	That percentage amount of the market value of the Securities to be purchased, which is paid by the Client.
Maintenance Margin:	The Client's contribution to the market value of the Securities at any time after purchase.
Margin Finance Ceiling:	The sum total of the Margin Finance amounts granted to the clients of a Licensed Broker.
Publicizing:	Any publication by the Company in daily newspapers or on the website.

- B. The Words and phrases which are not defined in these Instructions shall have the meanings assigned thereto in the Securities Law, unless the context indicates otherwise.

Licensing

Article (3)

- A. A company shall not practice any of the following activities without license from the Board :
1. Brokerage:
 - a. Financial Broker.
 - b. Dealer.
 2. Investment Trusteeship.
 3. Investment Management.
 4. Financial Advisory .
 5. Underwriting.
 6. Margin Finance.
 7. Custody.
 8. Any other activities specified by the Board.

- B. The company may practice the activities listed in Paragraph (a) of this Article only through natural persons registered by the Commission to practice such activities.

Article (4)

The licenses to practice the activities listed in Article (3.A) or renewals thereof , shall be subject to the following conditions:

- A. The license applicant shall be a bank, a public shareholding company, a private shareholding company or a limited liability company whose objectives must be restricted to financial services activities.
- B. A license applicant which is a bank must practice brokerage activities through a subsidiary or a wholly-owned company thereof.
- C. For Custodial activities, the license applicant must be a bank or a public shareholding company.
- D. The minimum paid in capital of the license applicant for each requested activity shall be as follows:
1. Brokerage.
 - a. Financial Broker: J.D. 500,000
 - b. Dealer: J.D. 250,000
 2. Investment Trusteeship: J.D. 250,000
 3. Investment Management: J.D. 1,000,000
 4. Financial Advisory : J.D. 30,000
 5. Underwriting:
 - a. In case of practicing coverage to achieve purpose: J.D. 10,000,000
 - b. In case practicing coverage to exert care: J.D. 100,000
 6. Margin Finance: J.D. 2.500.000
 7. Custody: J.D. 5,000,000
- E. The minimum capital requirements for the license applicant to practice two or more of the activities listed in Paragraph (D) of this Article shall be no less than the sum total of the minimum capital requirement for each of the activities applied for.
- F. The net equity of the license applicant shall constitute at least (85%) of the applicant's paid in capital .

- G. The license applicant management shall have the requisite experience, competence, know-how and good conduct to carry out its activities.
- H. The licensing fees and the annual licensing renewal fees must be paid in accordance with the regulations, instructions and decisions in force.
- I. The license applicant must submit an unconditional bank guarantee to the order of the Commission in the amount specified by the Board, provided the amount of the guarantee for each activity shall not be less than the following:
 - 1. Brokerage.
 - a. Financial Broker: J.D. 200,000
 - b. Dealer: J.D. 100,000
 - 2. Investment Trusteeship: J.D. 100,000
 - 3. Investment Management: J.D. 250,000
 - 4. Financial Advisory : J.D. 10,000
 - 6. Underwriting:
 - a. In case of purpose-specific coverage : J.D. 250,000
 - b. In case of due diligence coverage: J.D. 50,000
 - 6. Margin Finance: J.D. 250,000.-
 - 7. Custody: J.D. 250,000.-
- J- The guarantees shall constitute a security for the company's obligations toward its clients who deal in Securities and for its compliance with the provisions of the Law and the regulations, instructions and decisions issued pursuant thereto. The Board may liquidate the guarantees and dispose thereof as it deems appropriate.

Article (5)

The company shall continue to comply with all the licensing requirements specified in these Instructions. The Board may cancel the license if the company fails to meet any of the requirements.

Article (6)

The license application to practice any Financial Service or Custodial services shall be submitted to the Commission in writing on the form prescribed thereby, along with

a statement attesting to the accuracy of the information stated therein and signed by the applicant. The application shall include or have attached therewith the following:

- A. The name and address of the applicant and the locations of its branches, if any.
- B. The company type and the number and date of its registration with the Companies Controller, in addition to the registration certificate which includes the names of the members of the Board of Directors or the Board of Executives and the names of those authorized to sign on behalf of the company with their signature specimens.
- C. The memorandum and articles of association.
- D. The nature of the applicant's activity and the period of its practice.
- E. The names and addresses of the Senior Executive Managers and a resume of their professional background in the Securities field, in addition to the residential and work addresses of the employees their professional capacities, job title and a photocopy of their identity cards.
- F. The members of the Board of Directors and Senior Executive Managers shall provide affidavits of no conviction of a felony or misdemeanor against honor or public order.
- G. The names of the owners of the company and their individual shares, or the name of anyone owning (5%) or more of the applicant capital, in case the applicant is a shareholding company.
- H. The required financial statements as of a date not exceeding three months prior to the application submission date and the last audited report of the auditor, if any.
- I. The name and address of the company's auditor.
- J. The company's organogram and work plan.
- K. The proposed business procedures in writing.
- L. A list of the services to be offered.
- M. The basis for computing the commissions or the fees of the services charged to the clients.
- N. The form of the agreement with the client, the forms of client's periodic account statements and the organizational statements necessary for the work progress. The applicant may provide the Commission with the forms and statements after receiving the license.

Article (7)

In addition to what is stated in Article (6) of these Instructions, the applicant for a Custody license shall provide the Commission with the data related to the available experience and capabilities for practicing Custodial activities, including available computer and electronic communications systems equipment, safes and other requirements necessary for efficient practice.

Article (8)

- A. The Commission, as it deems necessary for verifying the applicant's professional standing, may request the applicant to provide any additional information or data, including information related to his curriculum vitae, professional record, or relationship with other companies. It may also ask for confirmation of any information or data provided thereto by an acknowledgement or otherwise.
- B. The Commission may take the necessary actions to verify the accuracy of the information stated in the application.
- C. The Board shall issue a decision granting or rejecting the license within sixty days from the date of submission of an application which contains all the required information.

Article (9)

- A. The license granted in accordance with these Instructions shall expire on the 31st day of December of each year.
- B. The Board may issue a new license for the succeeding year upon written application submitted for this purpose and after payment of the prescribed fees.
- C. The Commission may ask for any additional information upon submission of the application for the license renewal.
- D. Applications for renewal shall be submitted within thirty days of the beginning of the new year, otherwise they shall be considered as new applications.

Article (10)

The company may open branches within or outside the Kingdom after obtaining the Commission's approval.

Article (11)

All the rights and obligations of the merged companies shall be transferred to the merging company or the company resulting from the merger de jure after completion of the merger procedures and registration of the company in accordance with the provisions of the Companies Law in force. The merging company or the company resulting from the merger shall be the legal successor of the merged companies in all their rights and obligations.

Brokerage

Article (12)

The Broker's activities shall include:

1. Financial Broker: practices the activity of buying and selling Securities for a commission for the account of others.
2. Dealer: practices the activity of buying and selling Securities directly for his own account through the market.

Article (13)

Brokers shall trade in Securities of a Public Issuer only through the Market, unless the Security is exempted from this condition by the Board.

Article (14)

The broker shall not sell Securities before ensuring title thereto and that they are not subject of any attachment, hypothec or restriction on their transfer . .

Article (15)

A separate account shall be opened by the Financial Broker for each of his clients for the purpose of trading in securities.

Article (16)

The Financial Broker shall not affect any internal swap or clearance between the accounts of his clients or between his accounts and the accounts of any client.

Article (17)

- A. The Financial Broker shall not accept authorizations for selling or buying Securities except from his duly documented clients.
- B. The Financial Broker shall not carry out any transaction for selling or buying Securities except in accordance with written authorizations from his duly documented clients.
- C. The Financial Broker shall not use absolute authorizations.

Article (18)

The Financial Broker shall send a notice confirming any sale or purchase transactions carried out on behalf of the client, and shall keep a proof thereof.

Article (19)

The Broker shall promptly notify the Commission, the Stock Exchange and the Center, orally or in writing, of any returned cheques to his order issued by another Broker, regardless of the reason..

Article (20)

The Financial Broker shall not pay or credit any of his client's account for the price of any Securities before completing sale thereof on behalf of the client.

Article (21)

The Broker shall comply with the financial solvency standards approved by the Commission.

Article (22)

The Broker shall, promptly upon their coming into effect, notify the Commission of, and provide it with any agreement, undertaking, or guarantee by the broker or his subsidiaries, or any of his managers, or any member of his Board of Directors or Board of Executives or any partners with banks, or any other parties which give or may give rise to a financial obligation or which affect the broker's financial position.

Article (23)

Any limited liability company practicing brokerage activities as well as the its owners, partners, members of Board of Executives shall provide the Commission with the name of any subsidiary thereof, and its memorandum and articles of association and any change thereto.

Investment Trusteeship

Article (24)

The activities of the Investment Trustee shall include the follow-up and monitoring of the management of the clients' investments to ensure their conformity with the investment principles and objectives of the client specified in the investment agreement concluded between the client and the Investment Manager in accordance with the provisions of the Law and the regulations, instructions and decisions issued pursuant thereto. These activities shall include also the practice of investment trusteeship for the investment Mutual Fund.

Article (25)

The Investment Trustee shall notify the Commission, the client and the client's auditor, if any, of any violation committed by the Investment Manager upon learning of such. This includes informing them of any failure by the Investment Manager's to provide the Trustee with the required reports for practicing his activity. The Investment trustee shall also request the Investment Manager to rectify the violation immediately, whereby failing such, the Investment Manager shall bear any resultant liabilities .

Article (26)

The Investment Trustee shall provide his clients with detailed monthly reports of all the cash balances kept in their name with details of the transactions pertaining to investments handled by the Trustee, and which occur after submission of the last report, with any remarks he deems appropriate .

Investment Management

Article (27)

The Investment Manager's activities shall include Securities portfolios management for others pertaining to the investment management agreement concluded with the client, which specifies the client's investment policy and the Investment Manager's authorities and duties. These activities shall also include Mutual Investment Funds management.

Article (28)

The Investment Manager shall manage the client's Securities portfolio in accordance with the agreement concluded therewith, and shall exert the necessary conscientious professional's care thereof .

Article (29)

The Investment Manager shall undertake the following:

- A. segregate the client's Securities from other Securities which he or any other client owns .
- B. keep separate accounts for each client or managed portfolio , provided that each client's account shall include the investments , interest and profits in addition to the client's portfolio management expenses - if any - and the details of such .
- C. exclude the managed Securities portfolios values, returns of such Securities and any capital gains or losses resulting from trading, in the Investment Manager final accounts .
- D. Indicate the market value of the clients' portfolios as a note within the financial statements.
- E. Not acquire any facilities against his clients' portfolios, or use such portfolios as a security for his obligations.
- F. Not speculate with the clients' assets.

Article (30)

- A. The Investment Manager shall provide his client with a monthly report, unless the agreement concluded between them stipulates otherwise, provided the report shall include the following:
 - 1. the details of the client's portfolio, including the Securities , their quantity, their prices and the cash balance as on the date of the report;
 - 2. the selling and buying transactions, including their dates and details ;
 - 3. the interests, the profits and dividends received during the month;
 - 4. the expenses of the client's portfolio management ;
 - 5. the risks anticipated for the client's Securities .
- B. The Investment Manager shall provide the client on demand with the documents and other information relating to the portfolio management.

Article (31)

The Investment Manager shall keep records including the documents of each investment transaction, the details thereto and the investment decision basis .

Article (32)

The Investment Manager shall duly deal with the complaints lodged by his client , keep a complaints record and provided the Investment Trustee with a copy thereof .

Article (33)

A company shall not combine the Investment Trustee and the Investment Manager activities for the same account.

Financial Advice

Article (34)

The Financial Advisor activities shall include the following for a fee, charge or commission:

1. providing a continuous advice to the client pertaining to investment and dealing in Securities pursuant to the investment objectives.
2. providing advice to others, either directly or through publications or writings pertaining to investment and dealing in Securities.

Article (35)

The Financial Advisor shall indicate in advance to the client that his duty is constrained to providing advice without guaranteeing results.

Article (36)

The Financial Advisor shall not imply any untrue or misleading information or statements about services rendered to the clients.

Underwriting

Article (37)

The Underwriter's activities shall include administering the issuance and marketing of Securities on behalf of the Issuer, in addition to preparing the prospectuses and carrying-out all the studies and actions necessary for the issuance, registration and coverage of Securities.

Article (38)

The Underwriter shall practice issue coverage pursuant to the coverage agreement concluded with the Issuer, as an agent of the Issuer for marketing and publicizing the issue in the media, through undertaking the following:

- A. Exertion of care: To exert utmost effort to attract buyers to the issue without giving any confirmation or commitment to sell a specific amount of the Securities to be issued.
- B. Realization of a purpose: To exert utmost effort to attract buyers to the issue and to buy part or all of the Securities to be issued at the agreed price according to the coverage agreement concluded with the Issuer.

Article (39)

- A. The Underwriter shall, as part of his duties in preparing the prospectus, receive the necessary assurances that all the information received from the Issuer is true, accurate and complete.
- B. The Issuer shall provide the Underwriter with any material facts or any amendments to the prospectus during the subscription period, and the Underwriter shall be responsible for displaying all the information received from the Issuer in the prospectus.

Margin Finance

Article (40)

Margin Finance means the financing by the Broker of a part of the value of the Securities purchased on account of the client.

Article (41)

A license to practice Margin Finance shall be issued to the Company only subject to the following conditions:

- A. the company must be licensed as a Financial Broker and as a Dealer and practiced as such;
- B. the company shall not have violated the financial solvency standards during the six months preceding the license;
- C. the board must be satisfied that the company possesses the technical and administrative capabilities to practice Margin Finance and manage the accounts related to such transactions.

Article (42)

The Board may amend the Margin Finance licensing conditions and requirements and practice procedures, whereby the Broker licensed to practice Margin Finance “Licensed Broker” shall rectify his position accordingly or liquidate the relevant accounts within the period specified by the Board for this purpose.

Article (43)

The Margin Finance agreement shall specify the interest and commission chargeable by the Licensed Financial Broker. The agreement shall also provide for the client’s entitlement to profits and interests upon accrual as well as the client’s right to vote at the general assembly meetings of the companies of which the client is shareholder.

Article (44)

The licensed Broker shall open a special account known as the Margin Finance Account for his clients who solicit such service. The Licensed Broker must obtain the Commission’s prior approval of the account’s form and the Margin Finance agreement.

Article (45)

The Licensed Broker shall open a Margin Finance account with the Center for every client with whom the Broker deals in Margin Finance, and he shall comply with the Center’s instructions in this respect.

Article (46)

The Margin Finance ceiling shall not exceed double the amount of the broker’s net equity.

Article (47)

The Margin Finance amounts granted to any client shall not exceed (10%) of the net equity of the Licensed Broker or. (500,000.) Jordanian Dinars, whichever is less.

Article (48)

The Board may order the Licensed Broker to cease granting additional financing or offering Margin Finance Accounts to new clients, or to refrain from buying Margin Financed Securities in any of the following cases:

- A. If the sum total of the Margin Finance amounts exceeds the ceiling specified in Article (46) of these Instructions.
- B. If the Licensed Broker violates any of the financial solvency standards issued by the Board.
- C. If the Board deems that the Licensed Broker does not possess the capacity to practice the Margin Finance.

- D. If the Licensed Broker commits a violation of the Law or the regulations, instructions and decisions issued pursuant thereto.

Article (49)

No person shall open more than one Margin Finance Account with the Licensed Brokers.

Article (50)

The Maintenance Margin shall be computed by deducting the value of the facilities granted to the client for the purpose of Margin Finance in addition to the interests due thereupon from the total market value of the Margin Financed Securities.

Article (51)

The Licensed Broker shall collect the Initial Margin from the client for his account , and in accordance with the rates specified from time to time by the Board, before purchasing any Securities [for the client]. The Licensed Broker shall also ensure that the Maintenance Margin Ratio in any Margin Finance account shall not, at any time, fall short of the minimum limit specified by the Board.

Article (52)

The Licensed Broker shall compute the Maintenance Margin for each account on a daily basis and shall notify the client immediately if the Maintenance Margin falls short of the minimum limit allowed. The Broker shall ask the client to cover any deficit immediately within a period of three working days.

Article (53)

If the client fails to cover the deficit according to Article (52) of these Instructions, the Licensed Broker may sell such a part of the Margin Financed Securities that will restore the Maintenance Margin to its allowed minimum limit .

Article (54)

The Licensed Broker shall only carry out Securities purchasing , selling and transferring transactions through the Stock Exchange and the Center.

Article (55)

The Commission shall have the right to access all facilities agreements concluded between the Licensed Broker and the banks as well as access to the Licensed Broker accounts and balances at the banks. The Licensed Broker shall authorize the Commission in writing to obtain any data or information it deems necessary directly from the banks and other contracting parties.

Article (56)

The Licensed Broker shall not finance the purchase of securities issued thereby or hypothecate such to ensure any Margin Finance.

Article (57)

The purchased Securities shall be considered as security for Margin Finance, and the Licensed Broker shall not accept personal guarantees, bank guarantees or real estate mortgages as security for that finance.

Article (58)

The Licensed Financial Broker shall not affect any internal swap or clearance between clients' accounts, or between the Broker and any client.

Article (59)

The Board shall specify from time to time according to the standards it sets , the Securities subject to Margin Finance and the percentage of Initial Margin and Maintenance Margin applicable to each.

Safe Custody

Article (60)

A. The Custodian practice shall include:

1. Custody of the Client's Securities;
2. organize and maintain of client's records;
3. deliver Securities on behalf of his clients to the selling Financial Broker and receive Securities from the purchasing Financial Broker;
4. send periodic reports to clients about their Securities portfolios and cash accounts,
5. notify clients of any actions taken by Securities Issuers whether related to the interests, profits and rights of such Securities;
6. receive on the Clients' behalf the interests, profits and rights pertaining to the clients' Securities;
7. vote by proxy for clients at the Issuer ordinary and extraordinary general assemblies, according to the agreement concluded with each client;
8. Any other activity approved by the Board as a Custodial activity.

- B. The Custodian's activities shall be governed by agreement concluded with the client.

Article (61)

The Custodian shall undertake the following:

- A. segregate activities related to the Custodial practice from other activities ;
- B. provide the options and measures necessary for safe keeping the Securities and for their protection against theft, fire and any other risks.
- C. take administrative and accounting measures to prevent manipulation of records and documents.

Article (62)

- A. The Custodian shall open Securities' accounts for the clients according to the procedures in force at the Securities Depository Center.
- B. The Custodian shall not dispose of the Securities in his custody except pursuant to the provisions of the Law and the regulations, instructions and decisions issued , and according to the Custody agreement concluded with the client.

Registration

Article (63)

- A. The Commission shall register natural persons who work for the company in accordance with the provisions of the Law and the regulations, instructions and decisions issued pursuant thereto.

- B. The Registration includes:

1. Administrative Registration: the registration granted to a natural person to practice administrative activities, which includes the members of the company's Board of Directors or Board of Executives or any director, manager or employee thereof whose duties are related to Securities.
2. Technical Registration: the registration granted to practice any of the following activities:
 - 1) Brokerage.
 - 2) Investment Trusteeship.
 - 3) Investment Management.
 - 4) Financial Advisory .
 - 5) Underwriting.
 - 6) Custody.
 - 7) Any other activities determined by the Board.

- C. A natural person shall practice any of the activities mentioned in paragraph (B.2) of this Article only after being registered with the Commission.
- D. A Registered Person shall practice any of the activities mentioned in paragraph (B.2) of this Article only through one company.

Article (64)

- A. To practice Administrative Registration activities, a Natural Person shall obtain the following conditions:
 - 1. Be competent and of good reputation and manners.
 - 2. Satisfy any other conditions the Commission sets.
- B. To practice Technical Registration activities, a Natural Person shall obtain the following conditions:
 - 1. be competent and of good reputation and manners ;
 - 2. hold an undergraduate degree;
 - 3. pass the examinations set by the Commission successfully;
 - 4. has participated in the courses approved by the Commission for acquiring the required registration;
 - 5. has sufficient experience in Securities;
 - 6. pay the registration fees and the fees of the annual renewal thereof;
 - 7. satisfy any other conditions the Commission sets;
- C. A person of high qualifications or sufficient practical experience approved by the Board, shall be excluded from the requirements of items (3,4) stated in Paragraph (B) above.

Article (65)

The Registered Person shall continue to comply with all the registration conditions specified by these Instructions or any other instructions or decisions issued by the Board, subject otherwise to the revocation of registration.

Article (66)

- A. The Registration granted pursuant to these Instructions shall expire on 31st of December of every year.
- B. The Board may issue a new registration for the next year upon submitting a written renewal application and after payment of the prescribed fees.
- C. The Board may ask for additional information upon submitting the Registration renewal application .
- D. The renewal application shall be submitted within thirty days of the beginning of the new year, otherwise it shall be considered as a new application.

Article (67)

The Registration shall be considered suspended upon the termination of the Registered Person employment by the company or upon the suspension or cancellation of the company's license

Article (68)

The Registered Person must notify the Commission in writing within one week from the occurrence of the following:

- A. change of his address or business address;
- B. his employment or termination thereof by the company, with statement of the reasons for termination ;
- C. the shortfall of any of the registration conditions.

Article (69)

- A. A Registered Person shall not defame another Registered Person or detract from his professional status.
- B. A Registered Person shall abide by the principles of honour, integrity, fairness, honesty and standards of professional conduct and to strive constantly for the interest of the clients and the protection of their rights

Article (70)

- A. The company shall appoint a Compliance Officer, provided he shall be a Registered Person with the commission.
- B. The Compliance Officer shall perform the following:
 - 1. follow up the abidance of the Company and its employees by the Law and the Regulations, Instructions and Decisions issued pursuant thereto.
 - 2. Enlighten the company's employees of the provisions of the Law and the regulations, instructions and decisions issued by the Commission, Stock Exchange and Center.

Article (71)

The Company's General Manager shall perform the following:

- A. take the necessary measures to ensure the realization of internal control on the company's work progress and the company's abidance by the provisions of the Law and the regulations, instructions and decisions issued pursuant thereto.

- B. provide the Commission with the requested information and data in accordance with the provisions of this Law and the regulations, instructions and decisions issued pursuant thereto.
- C. supervise the Registered Employees and ensure that they perform their activities in accordance with the Law and the regulations, instructions and decisions issued pursuant thereto.

Article (72)

The Board of Directors or the Board of Executives in the company - as the case may be - shall be responsible for formulating and monitoring the company's general policies, and it shall, in particular, assume the following authorities and powers:

- A. taking the necessary measures to ensure the accuracy of the information provided to the Commission pursuant to the Law and the regulations, instructions and decisions issued pursuant thereto.
- B. taking all the necessary procedures to ensure the abidance by the provisions of the Law and any other legislations related to the Company's business and activities.
- C. establishing the Company's bylaws that specify the duties and authorities of its different staffs that ensure the administrative and financial control of its activities.

Obligations of Companies

Article (73)

- A. The Company shall formulate written work procedures for dealing with clients that shall conform with careful work methods to serve the clients properly. The company shall also take the necessary measures to monitor such procedures appropriately, provided they shall conform with the Regulations, Instructions and decisions issued in this respect.
- B. The procedures mentioned in Paragraph (A) of this Article must specify the person authorized by the company to be responsible for approving the opening of clients accounts and for supervising their dealing in Securities.
- C. The company shall ensure the following:
 - 1. The client's identity, financial solvency, contractual capacity and reputation.
 - 2. The suitability of the purchasing or selling transactions being conducted for the client's account with his investment objectives.

Article (74)

- A. The relationship between the client and the company shall be governed by a written agreement that shall conform with the provisions of the Law and the Regulations, Instructions and decisionsDecisions issued pursuant thereto.
- B. The company or its Registered Persons, when dealing in Securities for their clients, shall certify the validity of clients' signatures after verifying their identities and contractual capacities, provided the company shall bear the responsibility of the validity of those signatures.

Article (75)

- A. The Company shall specify to the client in advance and prior to contracting therewith all the rendered services , the commissions and expenses the client will incur by dealing therewith.
- B. The Financial Advisor and the Investment Manager may determine the commission on basis of the value of the client's portfolio or on the volume or value of the transactions carried out for the client or as a percentage of the profits or by any other method, subject however to the client written approval.

Article (76)

- A. The Company shall maintain accounting books and records and other records necessary for conducting its activities in an organized and proper manner in accordance with international accounting standards, prepare the statements adequately to reflect the reality of the Company's financial status ,and comply with any special requirements determined by the Commission in this respect.
- B. The books and records mentioned in Paragraph (A) of this Article may be maintained electronically provided the following:
 - 1. Adequate, appropriate and preventive precautions are taken against the risk of falsification of information and to ensure the safety thereof.
 - 2. The information and data shall be available accurately and clearly within a reasonable time to any person entitled to examine the records or have access thereto.

Article (77)

- A. The Company shall not dispose the clients' funds except in accordance with the written agreement concluded therewith and pursuant to the provisions of the Law and the regulations, instructions and decisions issued pursuant thereto.

- B. The Company shall segregate its own funds and Securities from the client's fund and Securities, which are a civil deposit therewith, in accordance with the conditions determined by the Board which shall be included in the agreements concluded with the clients.
- C. Unless otherwise determined by the Board pursuant to Instructions issued thereby, the clients' funds and assets held by the company shall not, in any circumstances, be distributed to the company's creditors in the event of liquidation or default in satisfying its obligation.

Article (78)

- A. No person shall own (5%) or more of the capital of any **company** without the Commission's written approval.
- B. Any person who intend to own (5%) or more of the **company's** capital shall submit to the Commission, at least one week prior to the owning or reaching that rate, a written request stating therein the objectives behind the acquisition and any relevant facts that would enable the commission to determine whether such acquisition lead to:
 - 1. a probable conflict of interests;
 - 2. the possible violation of the licensing conditions applicable thereto;
 - 3. an inadequate level of investment protection.
- C. The Commission shall issue a decision regarding the request within two weeks from the date of submission.
- D. The company shall comply with the conditions imposed by the Commission in case of approval.

Article (79)

The company shall provide in any publication, where in it recommends the purchase, sale or retention of a certain security, a detailed and clear statement of any direct or indirect interest in that security for itself or for any partner, director or any insider therein, including the following:

- A. The ownership of any of the aforementioned in this security or in any securities issued by the same Issuer.
- B. The commission or remuneration received or expected to by anyone of the aforementioned from anyone involved in any trading in this security.
- C. Any financial engagements or arrangements that any of the aforementioned might have with the Underwriter or anyone else in respect of this security.

Article (80)

When the company recommends the purchase, sale or exchange of a security, in any circular, publication, advertisement, letter or other publications issued or published by it, the **Company** shall mention clearly whether that **Company** or any of its officers or its director has assumed during the past twelve months the responsibility of an Underwriter for that security or has received any fees or commission from the Issuer of that security, or expects to receive any payment or commissions as a result of the recommended action.

Article (81)

- A. The Company shall send a monthly account statement to every client indicating his balance of Securities and the details of the dealing transactions .
- B. The Company shall provide clients with its semi-annual financial statements within 30 days of the end of its half fiscal year, and its annual financial statements within 90 days of the end of its fiscal year.
- C. The Company shall notify clients of any change in the Board of Directors or Board of executives membership or any change in its big shareholders or owners or the members of its Executive Management.

Article (82)

The Financial Advisor and Investment Manger shall formulate the criteria for fairness in allocating investment opportunities to the clients and shall provide all clients with a copy of such criteria after providing the Commission with .

Article (83)

The Financial Advisor and Investment Manger shall disclose to client if he retain any direct interest in any security before selling or purchasing of such for the accounts he supervises, manages or provides advice.

Article (84)

- A. No one other than the Licensed Persons and the Registered Persons shall appear before others, directly or indirectly, as a Licensed or Registered Person or announce himself as a Licensed or Registered Person in any of the media .
- B. No one shall present written or oral claim alleging thereby that the Commission approves or attests to the validity of any acts , conduct or soundness of the financial situation of the Licensed or Registered Person activities or the merits of any security or Issuer.

Article (85)

- A. A Company shall not defame another company or detract from its professional status.
- B. Professional relationship between Companies shall be based on fair competition and cooperation to develop the profession.

- C. The Company and its employees shall abide by the principles of honor, integrity, fairness, honesty and standards of professional conduct and shall work to promote and protect the clients interests .

Disclosure by Companies and Registered Persons

Article (86)

Subject to the disclosure requirements in force, the Company shall prepare an annual report within three months from the end of its fiscal year and shall provide the commission therewith .The annual report shall include the following:

- A. the Company's Management report which shall include :
1. the Company's legal status and a description of its major activities;
 2. the company's accomplishments during the fiscal year supported by quantatives indicators ;
 3. the company's competitive position and its share of the market for the preceding five years or from the date of its establishment, whichever is less;
 4. the company's capital and equity development and equity for the preceding five years or from the date of its establishment, whichever is less;
 5. an analysis of the company's financial status and the results of its activities during the fiscal year;
 6. a names of the Board of Directors or of the Board of Executives members or the partners in the Company, as the case may be, and the Company's employees and their qualifications, experience and job titles .
- B. The Company's annual audited financial statements benchmarked with the previous year, and which shall include:
1. the balance sheet;
 2. the profit and loss account;
 3. the cash flow statement;
 4. explanatory notes to the financial statements.
- C. The auditors' report on the company's annual financial statements, which includes an affirmation that the audit procedures are consistent with the international auditing standards.
- D. A declaration from the Company's Management that according to their knowledge and belief there are no substantial matters disaffecting the Company's continuity during the next fiscal year.

Article (87)

The Company shall publicize the audited annual financial statements as mentioned in Article (86) of these Instructions upon issuance of the said annual report .

Article (88)

The Company shall prepare and publicize an audited semi-annual report within one month from the date of the end of that period, and it shall provide the Commission with copies thereof, provided such report shall include the following financial statements:

1. the balance sheet;
2. the Profit and loss account;
3. the Cash flow statement;
4. the important explanatory notes to the financial statements.

Article (89)

The Board of Directors members or the Board of Executives members or the partners – as the case may be – and the employees in any of the Financial Brokerage Companies or their subsidiaries, shall provide the Commission with monthly reports about any dealing in Securities including sale or purchase thereof, by any of the aforementioned or their relatives within seven work days from the end of the month in which the dealing took place.

Article (90)

The Company shall publicize at the beginning of the year the names of its registered persons and the type of their registration , including the determination of those authorized to receive purchase and sale orders, and shall, as well, publicize the occurrence of the beginning or termination of the relationship with any of its Registered Persons .

Article (91)

Each of the following persons shall notify the Commission in writing of its membership in the Boards of Directors of public shareholding companies in its personal capacity or in any other capacity, and of any changes thereof within seven days from such occurrence:

- A. The Company.
- B. The Registered Person.
- C. Members of the Board of Directors of the Company and members of the Executive Management who are directly involved in financial services activities.
- D. Members of the Board of Executives of the Company or the partners therein and members of the Executive Management who are directly involved in the financial services activities.

Article (92)

The Company and the Registered Person shall notify the Commission in writing without delay of any changes in the information they provide to the Commission.

Article (93)

The Company shall notify the Commission immediately when it faces any financial troubles or is likely to be exposed to such troubles in the future.

Article (94)

The Company shall comply with the Commission's orders and shall provide the Commission with the following:

- A. A statement of the Company's financial status , the liquidity amount , solvency, profits and administrative status, including the remunerations of the members of the Board of Directors and Executive Management.
- B. Statements of the Company's subsidiaries final accounts and reports about their financial status .

Article (95)

The Company, except private shareholding whose shares are listed and public shareholding shall notify the Commission in writing of any changes in its ownership along with the official documents.

Article (96)

The Company shall notify the Commission within seven days from the date of occurrence of the following:

- A. changes of the company's name and address inside the Kingdom or of any of its branches;
- B. changes of the Company's objectives and articles of association;
- C. the change of chairman or the Board of Directors or Senior Executive management members , with statement of reasons in case of resignation, termination of service, discontinuation of work or any change in their positions ;
- D. appointment or termination of Registered Person service, with statement of reasons in event of service termination ;
- E. closure of the Company's branch in the Kingdom or abroad;
- F. the change of any of the Company's branch manager or his address;
- G. any change in Company's capital ;
- H. the change of the Company's auditor;
- I. any attachment or pledge of the Company's assets;
- J. any sudden material losses that have affected the Company's financial status , with statement of reasons;
- K. the Board of Directors or the Board of Executives decisions related to the starting of merger or voluntary liquidation;
- L. the actions brought by or against the Company and which have a material impact on the Company's financial status or an expected impact on the Company's profitability;
- M. the Banks branches which do not practice Financial Services and Safe Custody shall be excluded from Paragraphs (A, E and F) mentioned above.

General Provisions

Article (97)

If the Commission finds that the Company is facing a risk that threatens the stability of the capital market or the company's shareholders interests or those dealing

therewith, or if a shortfall in any of the licensing conditions stated in Article (4) of these Instructions has occurred, the Commission shall be entitled to take any of the following prompt measures it deems appropriate:

- A. Restriction, suspension or cessation of the license or registration for the period it deems appropriate.
- B. Appointment of an observing member on the company's Board of Directors or Board of Executives, as the case may be, for the period deemed appropriate by the Commission. Such member shall have the right to participate in the Board's deliberations without voting, and to record in the minutes of the meeting his points of view of the decisions taken therein.
- C. To require the Company to increase the guarantees it provided in the amounts deemed appropriate by the Commission.
- D. To liquidate the provided guarantees.

Article (98)

The Commission may appoint an auditor other than the auditor appointed by the Company, if it finds this necessary, to conduct specific auditing operations within a specific period at the Company's expense.

Article (99)

All the information and data submitted to the Commission by the Company and the Registered Person must be by written letters duly signed by them.

Article (100)

The Company's relationship with others, including the clients, shall be pursuant to written agreements concluded with the relevant parties.

Article (101)

The client may seek compensation from the company for any resulting damages if the Company defaults on any of its obligations towards the client, or takes any actions against his interest, or commits an evident error or offence, .

Article (102)

The Company shall deal with the client's complaints and shall keep a complaints record .

Article (103)

The Company, or the Registered Person or any officer or director or employee thereof, shall respond to the Commission's request for hearing his statements on matters specified by the Commission and during the period determined thereby.

Article (104)

The Company's auditor shall not be a debtor to the Company or to any of its subsidiaries nor shall he be a guarantor of any of its debtors.

Article (105)

The Commission shall keep a register of names and addresses of the Companies and Registered Persons and all provisions pertaining thereto, which shall be accessible to the public.

Article (106)

All Companies shall rectify their position according to the requirements of these Instructions within one year from the effective date of these Instructions.

Article (107)

The Commission shall issue the forms necessary for the purpose of obtaining the information required pursuant to these Instructions.

Article (108)

The Licensing Instructions of activities of Financial Services Companies and Certified Financial Professionals No. (1) for the year 1999, and the Margin Finance Instructions No. (1) for the year 2003, and the Custodian Licensing Instructions No. (3) for the year 2003, shall be cancelled.

Article (109)

These Instructions shall be published in the Official Gazette and shall be advertised in the publicized in media and among those concerned.